DR PIXLEY KA ISAKA SEME MUNICIPALITY

DRAFT ANNUAL BUDGET 2018/19 TO 2020/21

MFMA Section 24(1) Report 27 March 2018

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Abbreviations and Acronyms

CFO	Chief Financial Officer
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information
kℓ	kilolitre
km	kilometre
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
PPE	Property Plant and Equipment
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

PART 1 – DRAFT ANNUAL BUDGET

1. MAYOR'S REPORT

2. DRAFT BUDGET RESOLUTIONS

(a) That in terms of the Section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2018/19; and indicative allocations for the two projected outer years 2019/20 and 2020/21; and the multi-year and single year capital appropriations as sets out in the following tables:-

- The annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4
- Multi-year and single-year capital appropriations by municipal vote and function classification and associated funding by source as contained in Table A5

(b) The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- Budgeted Financial Position as contained in Table A6;
- Budgeted Cash Flows as contained in Table A7;
- Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;
- Asset management as contained in Table A9; and
- Basic service delivery measurement as contained in Table A10.

(c) That the revenue source that will be utilised to fund both operating and capital budgets be approved and adopted.

(d) That in terms of the Section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and Sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, the tariffs for the electricity, waste services and property rates as set out in Annexure C be approved and adopted with effect from 1 July 2017:

(e) That it be noted that Rates, Refuse, Water and other tariffs will be increased by 6.4 percent.

(f) That it be noted that the electricity tariffs have been provisionally increased by 0.31% (and levied from 01 August 2017) pending NERSA approval.

(g) That in terms of the Indigent Policy, the monthly household earnings of an indigent application be capped at R5 000.

(h) To give proper effect to the municipality's annual budget, the Council approves the following policies and bylaws:

- That the draft Credit Control and Debt Collection Policy be noted
- That the draft Supply Chain management Policy be noted
- That the Annexure to the SCM policy be noted
- That the draft Rates Policy be noted
- That the draft Tariff Policy be noted
- That the draft Provision for Doubtful debt Policy be noted
- That the draft Cash Management and Investment Policy be noted
- That the draft Virement Policy be noted
- That the draft Petty Cash Policy be noted
- That the draft Indigent Support Policy be noted
- That the draft Budget Policy be noted
- That the draft Fixed Asset Management Policy be noted
- That the draft Education Policy be noted
- That the draft Overtime Policy be noted
- That the draft Promotion Policy be noted
- That the draft Recruitment Policy be noted
- That the draft Retention Policy be noted
- That the draft Student assistance Policy be noted
- That the draft Transfer Policy be noted
- That the draft Travelling and Subsistence Policy be noted

3. LEGISLATION COMPLIANCE STATUS

In terms of Section 16 (1) of the MFMA the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

- The budget process.
- Supply Chain Management.
- Financial in-year reporting.
- Adjustment budgeting
- Annual reporting.
- Compilation and implementation of various policies.
- Compilation of procedural notes for main financial accounting processes.
- The budget and Treasury office has been established in accordance with the requirements
- Service Delivery and Budget Implementation plans are applied as monitoring tools
- Audit Committee has been established

Compliance with MFMA Circular No. 71

The budget circular is compiled annually to guide municipalities on how to prepare their budget inputs. This circular is a follow-up to the MFMA Budget Circular No.91 that focused on the preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF). This guidance includes national policy imperatives that should be accommodated and other relevant information. The circular provides a summary of South Africa's economic outlook, inflationary targets, financial management issues and specific reference on how to give effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR).

The budget tables have prepared in terms of MFMA Circular No. 28, it is however brought to Council's attention that the budget is prepared to comply with the requirements of the Municipal Budget and Reporting Regulations (MBRR). It for this reason that Council is urged to acquaint itself with the format, since Council is expected to scrutinize and approved the budget prepared only in terms of Gazette 32141.

Legislations

Dr Pixley Ka Isaka Seme Municipality has complied with a number of legislations amongst others-

- Municipal Finance Management Act (No. 56 of 2003)

- Municipal Budget and Reporting Regulations (Government Gazette 32141)
- Annual Division of Revenue Act
- Municipal Structures Act (No. 117 of 1998), as amended
- Municipal Systems Act (No. 32 of 2000), as amended
- Municipal Property Rates Act (No. 6 of 2004), as amended
- Municipal Fiscal Powers and Functions Act (No. 12 of 2007)

Other National Treasury Circulars

- MFMA Circular No. 71
- MFMA Circular No. 85
- MFMA Circular No. 86
- MFMA Circular No. 88
- MFMA Circular No. 91
- Budget Formats Guidelines

4. (a) EXECUTIVE SUMMARY

The purpose of the 2018/19 medium-term budget is to comply with the Municipal Finance Management Act (No.56 of 2003) and is a financial plan to enable the municipality to achieve its vision and mission through the IDP which informs the Dr Pixley Ka Isaka Seme Municipality's five-year programme and community/stakeholder inputs.
The budget circular number 91 was used and it is compiled annually to guide municipalities on how to prepare their budget inputs. This circular is a follow-up to the MFMA Budget Circular No.85 that focused on the preparation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF). This guidance includes national policy imperatives that should be accommodated and other relevant information. The circular provides a summary of South Africa's economic outlook, inflationary targets, financial management issues and specific reference on how to give effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR).

The budget tables have prepared in terms of MFMA Circular No. 28, it is however brought to Council's attention that the budget is prepared to comply with the requirements of the Municipal Budget and Reporting Regulations (MBRR). It for this reason that Council is urged to acquaint itself with the format, since Council is expected to scrutinize and approved the budget prepared only in terms of Gazette 32141.

MUNICIPAL COUNCIL

DESIGNATION	SURNAME & INITIALS	POLITICAL PARTY	WARD
Councillor	PV Malatsi	ANC	11
Councillor	IL Mkhwanazi	ANC	07
Councillor	OT Shabangu	ANC	07
Councillor	LM Nkomo	ANC	04
Councillor	TP Dakile	ANC	03
Councillor	TV Hlakutse	ANC	03
Councillor	TA Mazibuko	Independent	01
Councillor	BG Mavuso	ANC	02
Councillor	BS Mavuso	ANC	05
Councillor	NLP Moloi	ANC	06
Councillor	V Vilakazi	ANC	08
Councillor	BJ Mhlanga	ANC	09
Councillor	XL Simelane	ANC	10
Councillor	MA dlangamandla	ANC	11
Councillor	GO Ngwenya	ANC	03
Councillor	SN Nxumalo	ANC	04

Councillor	TS Masondo	ANC	04
Councillor	L De Jager	DA	04
Councillor	GR Nkambule	DA	10
Councillor	FE Mhlaba	IFP	10
Councillor	TE Manana	EFF	07

SENIOR OFFICIALS

DESIGNATION	INITIALS & SURNAME
Municipal Manager (Acting)	Mr P Thwala
Chief Financial Officer	Ms MM Phetla
Director: Corporate Services	Mr SB Shabalala
Acting Director: Technical Services	Mrs S Shikwambana
Acting Director: Community Services	Mr NS Ngwenya

4 (b) ADOPTED MEDIUM TERM BUDGET 2018/19 TO 2019/20

INTRODUCTION

The purpose of the 2018/19 medium-term budget is to comply with the Municipal Finance Management Act (No.56 of 2003) and is a financial plan to enable the municipality to achieve its vision and mission through the IDP which informs the Dr Pixley Ka Isaka Seme Municipality's five-year programme and community/stakeholder inputs.

The MFMA Circular No.86 states that *to facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:*

- *Section 22(b)(i) of the MFMA requires that, immediately after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2018, the final date of submission of the electronic budget documents and corresponding electronic returns is Monday, 02 April 2018. This includes the submission of the mSCOA data string. The deadline for submission of hard copies including council resolution is Friday, 6 April 2018.*
- *Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury within ten working days after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2018, the final date for such a submission is Friday, 13 July 2018, otherwise an earlier date applies.*

The tabling of the 2018/19 budget is a statement of commitment to the people of Dr Pixley Ka Isaka Seme, proposing a total budget of R382 million, comprising R68.3 million for capital and R313 million operating budget. The 2019 to 2022 multi-term budget posed many challenges and obstacles which had to be addressed and accommodated by the limited financial and other resources.

The budget has been prepared in terms of the Municipal Budget and Reporting Regulations (MBRR). The tabling of draft budget is as a journey towards consultation processes with communities throughout the municipal area and all other relevant stakeholders, which took place during February 2018. Comments and inputs from various stakeholders has been considered during the consultation process after which the draft budget is presented by His Worship, Executive Mayor Cllr PV Malatsi before the municipal council.

OPERATING BUDGET

Tariff of Charges

The following are proposed tariff increases and other allocations as indicated below:

Assessment Rates	6.3%
Electricity	6.84%
Water and	6.3%
Refuse Removal	6.3%

Revenue from property rates is proposed to increase by only 6.3% from the 2017/18 adjusted budget of **R45.1 million**. The rates revenue is projected at R47.9 million in the 2018/19 financial year.

Category of Property (Description)	Randange
R0-R15 000	Exempted
Small holdings/ Agriculture	0.001906
Business and commercial properties	0.011431
Welfare/ Church –non rebate	0.012148
Public Benefit Organisation	0.002337
Public Service Infrastructure	0.001906
Residential property (R15 000 and more)	0.007621
Mining property	0.022260
State Owned Property	0.016695
All stands without buildings	0.011353
Industrial stands	0.016695

Electricity tariffs are expected to boost the operating revenue by R57.7 million, an increase of R3.4 million from R53.7 million in the 2017/18 budget. The municipality awaits approval from NERSA for electricity tariff increases.

Water is budgeted to generate R33 million in the 2018/19 financial year. The budgeted Water revenue has increased by R 2 million from R 31 million in the 2018/19

Waste water management is expected to generate R15.3 million in the 2018/19 financial year. The Waste water management revenue has increased by R908 450 thousand from R14.4 million in the 2017/18

Waste management is budgeted to generate R8.9 million in the 2018/19 financial year. The budgeted Waste management revenue has increased by R533 001 thousand from R8.4 million in 2017/18.

Total grant allocations to fund operating budget are expected to be R110.6 million, being the equitable share, the Finance Management Grant (FMG), special support for councillors' remuneration and Expanded Public Works Programme (EPWP).

The equitable share allocation to be received from National Government has increased by R6.9 million from R96.3 million to 103.2 million in 2018/19 financial year.

Revenue from investments interest is projected at R4.5 million, an increase of R233 236 thousand from the budget of R4.3 million in the 2017/18 financial year.

The total budgeted revenue for the 2018/19 financial year is estimated at R382.4 million.

ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The Dr Pixley Ka Isaka Seme Municipality's IDP and medium-term budget aligns with national and provincial initiatives to ensure optimal impact from combined effort of government. The Municipality is confident that this budget is structured to give effect to the strategic priorities and support long-term sustained growth and development in line with National and Provincial objectives.

The following priorities are part of National Government's framework to enhance the social, cultural and economic welfare of all South Africans.

- Enhancement of economic development
- Improvement of Revenue collection
- Eradication of backlogs - Water ,Sanitation& Electricity
- Land for Human Settlements
- Waste Management
- Maintenance of Infrastructure
- Improvement of the Road Infrastructure
- Improving the provision of healthcare and education

The 2018/19 medium term budget seeks to address a number of these priorities by, amongst others, wider provision of municipal services, free basic services for indigents, initiatives to encourage capital spending to provide a vast public infrastructure.

5. BUDGET TABLES AND RELATED CHARTS

MP304 Pixley Ka Seme (MP) - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	**30 129**	33 060	36 068	45 081	45 081	45 081	36 068	47 921	50 988	54 302
Service charges	93 140	91 289	95 103	107 656	107 656	107 656	95 103	108 578	115 752	119 126
Investment revenue	3 097	5 634	5 343	4 241	4 241	4 241	5 343	4 474	4 720	4 980
Transfers recognised - operational	112 942	96 272	95 291	101 168	101 168	101 168	95 291	110 596	161 372	130 117
Other own revenue	23 512	34 014	47 275	38 605	39 355	39 355	47 275	42 504	45 170	48 035
Total Revenue (excluding capital transfers and contributions)	262 821	260 269	279 079	296 750	297 500	297 500	279 079	314 072	378 002	356 559
Employee costs	71 040	67 112	69 387	88 299	88 299	88 299	69 387	100 400	107 629	115 378
Remuneration of councillors	6 982	7 464	7 584	8 193	8 400	8 400	7 584	9 056	9 762	10 523
Depreciation & asset impairment	33 947	28 701	26 641	37 214	37 214	37 214	26 641	41 000	41 000	41 000
Finance charges	345	398	2 614	–	–	–	2 614	–	–	–
Materials and bulk purchases	58 896	79 099	70 610	78 811	78 831	78 831	70 610	84 288	90 157	96 471
Transfers and grants	–	1 634	3 950	6 334	6 334	6 334	3 950	6 733	7 164	7 630
Other expenditure	169 269	69 372	96 667	88 272	88 045	88 045	96 667	114 683	118 695	123 030
Total Expenditure	340 478	253 781	277 454	307 123	307 123	307 123	277 454	356 160	374 407	394 032
Surplus/(Deficit)	(77 657)	6 488	1 625	(10 373)	(9 623)	(9 623)	1 625	(42 088)	3 595	(37 473)
Transfers and subsidies - capital (monetary allocations)	–	32 837	32 086	44 930	44 930	44 930	32 086	68 331	107 624	316 770
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(77 657)	39 324	33 711	34 557	35 307	35 307	33 711	26 243	111 219	279 297
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(77 657)	39 324	33 711	34 557	35 307	35 307	33 711	26 243	111 219	279 297
Capital expenditure & funds sources										
Capital expenditure	**33 677**	44 640	23 213	48 930	53 338	53 338	23 213	44 580	47 433	50 516
Transfers recognised - capital	**32 951**	38 040	23 213	48 930	44 930	44 930	23 213	47 761	50 817	54 120
Public contributions & donations	**–**	–	–	–	–	–	–	–	–	–
Borrowing	**–**	–	–	–	–	–	–	–	–	–
Internally generated funds	**726**	6 600	–	–	8 408	8 408	–	8 938	9 510	10 128
Total sources of capital funds	**33 677**	44 640	23 213	48 930	53 338	53 338	23 213	56 698	60 327	64 248
Financial position										
Total current assets	**103 457**	167 662	182 512	114 329	114 329	114 329	182 512	121 531	129 309	137 715
Total non current assets	**718 136**	716 693	713 420	838 464	838 464	838 464	713 420	891 287	948 330	1 009 971
Total current liabilities	**44 378**	56 143	46 057	38 100	38 100	38 100	46 057	20 782	22 112	23 549
Total non current liabilities	**115 391**	127 063	124 680	121 226	121 226	121 226	124 680	128 863	137 110	146 023
Community wealth/Equity	**661 825**	701 149	725 195	793 466	793 466	793 466	725 195	843 455	897 436	955 769
Cash flows										
Net cash from (used) operating	**7 063**	55 831	40 006	45 085	45 085	45 085	40 006	–	–	–
Net cash from (used) investing	**1 807**	(28 344)	–	(44 930)	(52 588)	(52 588)	–	–	–	–
Net cash from (used) financing	**–**	–	(36 521)	–	–	–	(36 521)	–	–	–
Cash/cash equivalents at the year end	**55 468**	82 887	86 372	83 042	78 869	78 869	86 372	–	–	–
Cash backing/surplus reconciliation										
Cash and investments available	**56 116**	83 626	87 079	52 001	52 001	52 001	87 079	55 277	58 815	62 637
Application of cash and investments	**8 311**	(9 416)	(19 736)	(16 332)	(16 332)	(16 332)	(19 736)	18 892	20 101	21 407
Balance - surplus (shortfall)	**47 806**	93 042	106 815	68 333	68 333	68 333	106 815	36 385	38 714	41 230
Asset management										
Asset register summary (WDV)	**717 876**	716 693	–	904 986	904 986	904 986		–	–	–
Depreciation	**–**	–	–	–	37 214	37 214		–	–	–
Renewal of Existing Assets	**–**	–	–	–	–	–		–	–	–
Repairs and Maintenance	**–**	–	–	–	17 613	17 613		–	–	–
Free services										
Cost of Free Basic Services provided	**–**	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	**–**	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	2	–	–	–	–	–	–	–	–	–
Energy:	1	8	–	–	–	–	–	–	–	–
Refuse:	8	8	–	–	–	–	–	–	–	–

Financial Performance Revenue & Expenditure

MP304 Pixley Ka Seme (MP) - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18						
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	30 129	33 060	36 068	45 081	45 081	45 081	36 068	47 921	50 988	54 302
Service charges - electricity revenue	2	44 492	43 964	47 947	53 703	53 703	53 703	47 947	51 226	54 730	58 474
Service charges - water revenue	2	30 380	26 641	26 035	31 072	31 072	31 072	26 035	33 030	35 144	33 092
Service charges - sanitation revenue	2	11 515	12 149	13 086	14 420	14 420	14 420	13 086	15 328	16 309	17 369
Service charges - refuse revenue	2	6 753	7 117	8 036	8 460	8 460	8 460	8 036	8 993	9 569	10 191
Service charges - other			1 417								
Rental of facilities and equipment		22	19	20	1 038	1 038	1 038	20	1 101	1 167	1 237
Interest earned - external investments		3 097	5 634	5 343	4 241	4 241	4 241	5 343	4 474	4 720	4 980
Interest earned - outstanding debtors		14 642	24 130	32 549	25 421	25 421	25 421	32 549	27 023	28 752	30 621
Dividends received									–	–	–
Fines, penalties and forfeits		578	284	366	53	53	53	366	56	59	63
Licences and permits		5 135	5 548						–	–	–
Agency services				5 695	10 142	10 142	10 142	5 695	10 750	11 395	12 079
Transfers and subsidies		112 942	96 272	95 291	101 168	101 168	101 168	95 291	110 596	161 372	130 117
Other revenue	2	3 136	4 033	6 384	1 951	1 951	1 951	6 384	2 074	2 207	2 350
Gains on disposal of PPE				2 261		750	750	2 261	1 500	1 590	1 685
Total Revenue (excluding capital transfers and contributions)		**262 821**	**260 269**	**279 079**	**296 750**	**297 500**	**297 500**	**279 079**	**314 072**	**378 002**	**356 559**
Expenditure By Type											
Employee related costs	2	71 040	67 112	69 387	88 299	88 299	88 299	69 387	100 400	107 629	115 378
Remuneration of councillors		6 982	7 464	7 584	8 193	8 400	8 400	7 584	9 056	9 762	10 523
Debt impairment	3	132 912	28 376	56 075	44 187	44 187	44 187	56 075	52 000	52 000	52 000
Depreciation & asset impairment	2	33 947	28 701	26 641	37 214	37 214	37 214	26 641	41 000	41 000	41 000
Finance charges		345	398	2 614				2 614			
Bulk purchases	2	48 846	64 466	57 570	61 219	61 219	61 219	57 570	65 566	70 237	75 256
Other materials	8	10 050	14 634	13 040	17 592	17 612	17 612	13 040	18 722	19 920	21 215
Contracted services		8 884	11 936	14 045	15 110	14 290	14 290	14 045	31 252	33 252	35 414
Transfers and subsidies		–	1 634	3 950	6 334	6 334	6 334	3 950	6 733	7 164	7 630
Other expenditure	4, 5	27 472	28 527	26 547	28 975	29 568	29 568	26 547	31 431	33 442	35 616
Loss on disposal of PPE		0	534								
Total Expenditure		**340 478**	**253 781**	**277 454**	**307 123**	**307 123**	**307 123**	**277 454**	**356 160**	**374 407**	**394 032**
Surplus/(Deficit)		**(77 657)**	**6 488**	**1 625**	**(10 373)**	**(9 623)**	**(9 623)**	**1 625**	**(42 088)**	**3 595**	**(37 473)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			32 837	32 086	44 930	44 930	44 930	32 086	68 331	107 624	316 770
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–		–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		**(77 657)**	**39 324**	**33 711**	**34 557**	**35 307**	**35 307**	**33 711**	**26 243**	**111 219**	**279 297**
Taxation											
Surplus/(Deficit) after taxation		**(77 657)**	**39 324**	**33 711**	**34 557**	**35 307**	**35 307**	**33 711**	**26 243**	**111 219**	**279 297**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**(77 657)**	**39 324**	**33 711**	**34 557**	**35 307**	**35 307**	**33 711**	**26 243**	**111 219**	**279 297**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**(77 657)**	**39 324**	**33 711**	**34 557**	**35 307**	**35 307**	**33 711**	**26 243**	**111 219**	**279 297**

Revenue

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.
The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).

Property rates revenue have been budgeted to increase by R2.8 million from R45.1 million in 2017/18 to R47.9 million in 2018/19. The Property rates tariff increase of 6.3 percent is in line with the guideline as per MFMA Circular no. 91.

Service charges

Service charges revenue has been budgeted to increase by R922 000 from R107.7 million in 2017/18 to R108.6 million in 2018/19.

Interest earned on external investments

The municipality has budgeted R4.4 million for Interest earned on external investments in 2018/19 to be realized and from call account deposits for conditional grants not yet utilized.

Other income/revenue

It includes traffic fines, licence and permits, agency fee, reconnection fee, tender document etc. The budgeted revenue for these items increased by R900 000 thousand from R13.9 million in the 2017/18 to R14.8 in the 2018/19 budget.

Expenditure

Employee related cost has increased by 7.2 percent (average CPI + 1 per cent). In terms of the Collective Agreement on Wages and Salaries signed by the Local Government National Bargaining Council, salaries increases for 2018/19 financial year is based on the average inflation rate (CPI) plus 1 percent. The consumer price index for the next financial year is projected to be 6.3 percent.

The municipality has budgeted to increase the expenditure for the Employee related costs by R12 million from R88.2 million in 2017/18 to R100.4 million in 2018/19 based on the proposed organisational structure. Employee related costs and Councillors' remuneration as a percentage of total operating expenditure is ***30.7 percent***. The norm is 25 to 40 percent.

Expenditure of Councillors' Allowances is budgeted to increase from R8.4 million in the 2017/18 financial year to R9.1 million in 2018/19 financial year. The provision for the councillors' remuneration has been budgeted for from the basis of the published government gazette notice dated 15 December 2017.

Debt impairment has been budgeted at R52.0 million in 2018/19

Depreciation has been budgeted at R41 million in 2018/19 which is based on the asset register and the anticipated new capital acquisitions.

Bulk purchases have been budgeted to increase by R4.4 million from R61.2 million in 2018/19 to 65.6 million in 2018/19. This will be achieved by curbing electricity losses to a minimal.

The budgeted ***Contracted services*** expenditure has increased by R908 000 from R15.1 million in 2017/18 to R16.1 million in 2018/19.

Other expenditure has been budgeted to increase by R1.9 million from R29.6 million in 2017/18 to R31.4 million in 2018/19.

Table A5 Budgeted Capital Expenditure by vote, standard classification and funding sources.

MP304 Pixley Ka Seme (MP) - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE COUNCIL		1 109	–	–	–	–	–	–	–	–	–
Vote 2 - BUDGET & TREASURY		429	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	4 408	4 408	–	4 686	4 985	5 309
Vote 4 - PLANNING AND DEVELOPMENT		–	–	–	2 500	2 500	2 500	–	2 658	2 828	3 011
Vote 5 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - PUBLIC SAFETY		–	320	–	–	–	–	–	–	–	–
Vote 7 - SPORTS & RECREATION		–	–	–	2 500	2 500	2 500	–	2 658	2 828	3 011
Vote 8 - TECHNICAL SERVICES		–	529	–	2 500	2 500	2 500	–	2 658	2 828	3 011
Vote 9 - WASTE MANAGEMENT		–	1 280	–	–	–	–	–	–	–	–
Vote 10 - WASTE WATER MANAGEMENT		–	12 863	10 916	11 400	11 400	11 400	10 916	12 130	12 906	13 745
Vote 11 - WATER		29 510	16 500	9 256	11 900	11 900	11 900	9 256	12 662	13 472	14 348
Vote 12 - ELECTRICITY		2 629	13 148	3 040	18 130	18 130	18 130	3 040	19 272	20 506	21 838
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**33 677**	**44 640**	**23 213**	**48 930**	**53 338**	**53 338**	**23 213**	**56 721**	**60 352**	**64 274**
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - BUDGET & TREASURY		–	–	–	–	–	–	–	–	–	–
Vote 3 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 4 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 7 - SPORTS & RECREATION		–	–	–	–	–	–	–	–	–	–
Vote 8 - TECHNICAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 9 - WASTE MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 10 - WASTE WATER MANAGEMENT		–	–	10 916	–	–	–	–	–	–	–
Vote 11 - WATER		–	–	9 256	–	–	–	–	–	–	–
Vote 12 - ELECTRICITY		–	–	3 040	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**–**	**–**	**23 213**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Vote		**33 677**	**44 640**	**46 425**	**48 930**	**53 338**	**53 338**	**23 213**	**56 721**	**60 352**	**64 274**
Capital Expenditure - Functional											
Governance and administration		**1 538**	**–**	**–**	**–**	**4 408**	**4 408**	**–**	**4 686**	**4 985**	**5 309**
Executive and council		1 109									
Finance and administration		429				4 408	4 408		4 686	4 985	5 309
Internal audit											
Community and public safety		**–**	**320**	**–**	**2 500**	**2 500**	**2 500**	**–**	**2 658**	**2 828**	**3 011**
Community and social services											
Sport and recreation					2 500	2 500	2 500		2 658	2 828	3 011
Public safety			320								
Housing											
Health											
Economic and environmental services		**–**	**529**	**–**	**5 000**	**5 000**	**5 000**	**–**	**5 315**	**5 655**	**6 023**
Planning and development					2 500	2 500	2 500		2 658	2 828	3 011
Road transport			529		2 500	2 500	2 500		2 658	2 828	3 011
Environmental protection											
Trading services		**32 139**	**43 791**	**23 213**	**41 430**	**41 430**	**41 430**	**23 213**	**31 922**	**33 965**	**36 173**
Energy sources		2 629	13 148	3 040	18 130	18 130	18 130	3 040	19 272	20 506	21 838
Water management		29 510	16 500	9 256	11 900	11 900	11 900	9 256	12 650	13 459	14 334
Waste water management			12 863	10 916	11 400	11 400	11 400	10 916			
Waste management			1 280								
Other											
Total Capital Expenditure - Functional	3	**33 677**	**44 640**	**23 213**	**48 930**	**53 338**	**53 338**	**23 213**	**44 580**	**47 433**	**50 516**
Funded by:											
National Government		32 951	38 040	23 213	44 930	44 930	44 930	23 213	47 761	50 817	54 120
Provincial Government											
District Municipality											
Other transfers and grants					4 000						
Transfers recognised - capital	4	**32 951**	**38 040**	**23 213**	**48 930**	**44 930**	**44 930**	**23 213**	**47 761**	**50 817**	**54 120**
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		726	6 600			8 408	8 408		8 938	9 510	10 128
Total Capital Funding	7	**33 677**	**44 640**	**23 213**	**48 930**	**53 338**	**53 338**	**23 213**	**56 698**	**60 327**	**64 248**

The municipality has budgeted R68.3 million which is funded through MIG of R 25.9 million, WSIG 30.0 million and INEP of R12.4 million for 2018/19 Financial year.

PART 2 – SUPPORTING DOCUMENTATION

6. OVERVIEW OF BUDGET PROCESS

Political Oversight of Budget Process

The concept of political oversight over the budget process is an important one and it is the key to ensuring that strategy informs budget.

The political oversight role of the Mayor is contained in Section 53 (1)(a) and (b) of the Municipal Finance Management Act (MFMA). It requires that the Mayor must provide political guidance over the budget process and the priorities that guide the preparation of the budget. It further requires that the Mayor co-ordinate the revision of the IDP and the preparation of the annual budget and to determine how the IDP is to be taken into account for the purpose of the budget.

The demands on the Municipality to address service delivery backlogs and to improve service delivery to all of its citizens, within current financial resources, are challenging. Political oversight of the budget process is therefore essential to ensure that the priorities of the municipality are addressed through budget allocations.

Schedule of Key Deadlines Relating of Budget Process

One of the objectives of the budget timetable is to ensure the development of IDP and the budget and also to ensure that a funded budget is tabled for consideration and approval. The timetable schedule for the compilation of the 2018/19 budget cycle was approved by Council during August 2017 in compliance with the MFMA.

Process for Consultations with Stakeholder Groups and Outcomes [MFMA 21(1)(b)]

Section 22 of the MFMA requires that after tabling of the annual budget in Council, the municipality must make public the draft budget and also invite the local communities to submit representations thereon. Accordingly the tabling of this draft budget in the Council on 28 March 2018 will be followed by followed by the following activities:

- The summarised draft budget and consultation meetings will be published in Local News Paper
- Draft budget will be submitted to Provincial and National Treasuries as well as Department of Provincial and Local Government
- Public meetings will be held in various wards
- The Draft budgeted document will be generally distributed to libraries and other municipal offices to allow the wide invitation of comments ad representations to the draft budget.

The public budget road show meetings will take place during April and May 2018. The schedule of budget road shows will be publicised in the local newspaper, website, and libraries as well as in the municipal notice boards.

7. OVERVIEW ALIGNEMENT OF IDP AND BUDGET WITH, MONITORING AND IMPLEMENTATION THROUGHOUT SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS

PURPOSE

This document presents an Integrated Development Plan (IDP) for Dr Pixley Ka Isaka Seme Local Municipality. The IDP is prepared in compliance with the requirements of Chapter 5, particularly Section 25 of Local Government Municipal Systems Act (32 of 2000), which obliges a municipal council to adopt a single, all inclusive and strategic plan for the development of the municipality, within a prescribed period after the start of its elected term. It outlines a development agenda for the municipality for the next five years.

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Dr Pixley Ka Isaka Seme, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that Dr Pixley Ka Isaka Seme strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Dr Pixley Ka Isaka Seme's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The municipal development objectives are mainly orientated and aligned to National Key Performance Areas which are the following:-

- Institutional development and transformation
- Basic Service Delivery
- Good Governance and Public Participation
- Local Economic Development and Innovation
- Financial Viability

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Enhancement of economic development and Innovation
- Improvement of Revenue collection
- Eradication of backlogs - Water, Sanitation & Electricity
- Land for Human Settlements
- Waste Management
- Maintenance of Infrastructure
- Improvement of the Road Infrastructure
- Improving the provision of healthcare and education

IDP AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN.

The Dr Pixley Ka Isaka Seme's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure

COMMUNITY CONSULTATION

The 2018/19 MTREF will be published on the municipality's website, and hard copies will be made available at reception, municipal notice boards and various libraries for consultation.
All documents in the appropriate format (electronic and printed) are provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

8. MEASURABLE PERFORMANCE OBJECTIVES

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework.

Free and Subsidised Basic Services

Municipalities play central role in supporting economic development and alleviating poverty. The provision of basic services is a critical input to social well-being and economic activity. Dr Pixley Ka Isaka Seme Municipality comprises of rural areas as well as wide spread of income groups. Due to variation in living environment, the municipal area has a number of households who currently do not have access to all services.

The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing a social welfare to those residents who cannot afford to pay, because of adverse social and economic realities. The free basic services will be provided only to those who cannot afford that is only the registered indigents.

Details of initiatives carried out by Dr Pixley Ka Isaka Seme Council in this regard are detailed below:

Service	Social Package
Assessment Rates	All residential property owners are exempt from paying rates on the first R15 000 of the property value. All rates levied on properties of which the municipal value is less than R48 000. Indigent residents will receive 100 percent rebates on rates.
Electricity	The first 50kwh of electricity is free to all residents qualified as indigents in terms of the policy
Water	The first 6 kl of water is free to all residents qualified as indigents in terms of the policy.

9. OVERVIEW OF BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

The Municipality's budget is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide the budget process and inform the projections of the medium-term budget.

The following budget related policies, which have been approved by Council or currently under review, are currently in force to ensure an informed smooth budgetary process and financial management of the Municipality in line with the Municipal Finance Management Act, other relevant legislation and Accounting Standards.

10. OVERVIEW OF BUDGET ASSUMPTIONS

General Inflation Outlooks and its Impact

Dr Pixley Ka Isaka Seme Municipality, like and any other municipality, is still subjected to the impact from the global crisis as well as related ripple effects from national economy. The recent hikes in, to mention a few, electricity bulk purchases, fuel, interest rates and inability to feel critical positions in critical industries could not be interpreted in isolation of Dr Pixley Ka Isaka Seme Municipality and did therefore impact negatively on the 2017/18 budget and it will still have a huge effect on the 2018/19 medium term budget.
All budget related policies are being submitted with the Draft budget for Council review and approval.

Budget Guidelines

All other tariffs, except for electricity, will be increased by only 6.3% percent in order to absorb the shortfall on the increase in the electricity purchases.

11. OVERVIEW OF FUNDING THE BUDGET
(Including fiscal overview and sources of funding)

Funding of the 2018/19 Medium-Term Budget

The operating budget of Dr Pixley Ka Isaka Seme Municipality for the 2018/19 financial year is funded from rates, tariffs, sundry charges and grants and subsidies.

Increases in the individual tariffs applicable to the above services are detailed in the tariff of schedule attached hereto, together with other proposed sundry tariffs.
The following issues were the challenges in the appropriation of funds when preparing the 2018/19 draft budget:

- Initiatives to improve the current collection rate
- Requirement with regard to upgrading and maintenance of existing roads and other IT infrastructure.

Funding of 2018/19 Medium-Term Capital Budget

In line with section 18 of the MFMA, the capital budget has been funded from the following funding sources:

Funding Sources

The total capital budget for the 2018/19 financial year amounts to R68.3 million, which will be funded as follows:

Capital Funding	Amount (R)
Municipal Infrastructure Grant (MIG)	25,956,000
Integrated National Electrification Programme	12,375,000
Water Services Infrastructure Grant	30,000,000
Own funding	7,000,000
Total	75,331,000

Description	Amount	Further description
Service delivery vehicles	2 000 000.00	Cherry picker, Suction machine to drain VIP toilets, finance pool car (Bakkie) for assets verifications, a grader and TLB
Mayor's vehicle	700 000.00	Sedan(to be confirmed)
Roads ward 4	3 000 000.00	From VAT claim (2017/18 Capital projects)
CCV cashiers	200 000.00	
Biometric system	500 000.00	
Traffic Play detector	600 000.00	
Total	7 000 000.00	

National Government Transfers

The National grants allocation will be used to fund larger portions of the operating expenditure as well as the capital expenditure. These have been gazetted in terms of the 2018 Division of Revenue Bill.

12. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Grants and subsidies from National and Provincial governments, as reported in the 2017 Division of Revenue Act and reflected in SA 19, have been included the 2018/19 budget and each allocation will utilised for the purpose as described below.

National Grant Allocations

Equitable Share

The equitable share is an unconditional grant and as such can be regarded as general revenue, however, it is a matter of co-operative governance that municipalities should prioritise its expenditure budget towards poor households and national priorities like free basic services.

Municipal Infrastructural Grant (MIG)

The Municipal Infrastructural Grant is a conditional grant which gives effect to national objectives to:

- Expand the delivery of basic services to all households, including the delivery of free basic services to poor households and other poverty alleviating objectives.
- Stimulate local economic development and job creation over the medium term.

Water Services Infrastructural Grant (WSIG)

The Water Services Infrastructural Grant is a conditional grant which gives effect to national objectives to:

- Expand the delivery of basic services to all households, including the delivery of free basic services to poor households and other poverty alleviating objectives.
- Stimulate local economic development and job creation over the medium term.

Finance Management Grant

The Finance Management Grant is a capacity building grant provided by National Treasury to assist municipalities in building management planning, technical and financial management skills and capacity for effective service delivery.

It will be utilised for the upgrading of skills and capacity of Dr Pixley Ka Isaka Seme Finance officials for workshops and training programmes, funding financial programmes such as mSCOA with a view to capacitate financial systems, as well as for the remuneration of the interns currently employed by the municipality and cover costs of their training and its facilities. There are currently 4 interns employed as per National Treasury guide.

Table SA 18 - Transfers and grant receipts

MP304 Pixley Ka Seme (MP) - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**87 880**	**97 655**	**96 552**	**101 168**	**101 168**	**101 168**	**106 233**	**115 602**	**125 324**
Local Government Equitable Share		81 792	91 201	91 980	96 312	96 312	96 312	103 204	113 367	122 657
Finance Management		1 600	1 600	1 625	1 700	1 700	1 700	1 770	2 235	2 667
Municipal Systems Improvement		934	930	1 686	1 759	1 759	1 759			
EPWP Incentive		3 554	2 642					1 259		
5% Municipal Infrastructure Grant			1 282	1 261	1 397	1 397	1 397			
Provincial Government:		–	–			–	–		–	–
Other transfers and grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	**87 880**	**97 655**	**96 552**	**101 168**	**101 168**	**101 168**	**106 233**	**115 602**	**125 324**
Capital Transfers and Grants										
National Government:		**21 224**	**37 511**	**30 959**	**44 930**	**44 930**	**44 930**	**38 331**	**31 544**	**37 317**
Municipal Infrastructure Grant (MIG)		18 224	24 363	23 959	27 930	27 930	27 930	25 956	26 424	27 717
Intergrated Nsational Electrification Programme		3 000	13 148	7 000	17 000	17 000	17 000	12 375	5 120	9 600
Provincial Government:		–	–	–	–	–	–	**34 363**	**34 577**	**34 793**
Other capital transfers/grants [insert description]								34 363	34 577	34 793
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	**21 224**	**37 511**	**30 959**	**44 930**	**44 930**	**44 930**	**72 694**	**66 121**	**72 110**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**109 104**	**135 166**	**127 511**	**146 098**	**146 098**	**146 098**	**178 927**	**181 723**	**197 434**

13. ALLOCATIONS AND GRANTS MADE BY DR PIXLEY KA ISAKA SEME MUNICIPALITY

None. Please refer to SA 21 of Schedule A.

14. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Please refer to SA22 of Schedule A

15. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOWS

Please refer to SA25 to SA30 of Schedule A

16. ANNUAL BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN – INTERNAL DEPARTMENTS

The annual budget is as per attached Scheduled A, which is Annexure A and the draft SDBIP will be submitted separately.

17. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Please refer to SA35 of Schedule A

It is envisaged at this stage that no contract will have budgetary implications beyond a period of three years in the 2018/19 medium-term budget.

18. CAPITAL EXPENDITURE DETAILS

Please refer to SA36 of Schedule A

19. DETAILED OPERATING AND CAPITAL BUDGET (TABLE A2)

MP304 Pixley Ka Seme (MP) - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
Governance and administration		134 585	161 541	176 217	219 874	175 543	175 543	182 091	193 745	206 338
Executive and council		82 008	92 281	96 180	96 524	96 524	96 524	98 094	104 372	111 156
Finance and administration		52 577	69 260	80 037	123 334	79 019	79 019	83 997	89 373	95 182
Internal audit		–	–	–	16	–	–	–	–	–
Community and public safety		6 859	5 929	22	13 401	2 613	2 613	2 777	2 955	3 147
Community and social services		93	85	22	2 613	92	92	98	104	111
Sport and recreation		8	12	–	–	2 521	2 521	2 680	2 851	3 037
Public safety		6 757	5 832	–	10 788	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		923	19 989	6 051	2 641	13 429	13 429	14 275	15 189	16 176
Planning and development		–	–	–	1 641	1 641	1 641	1 745	1 856	1 977
Road transport		923	19 989	6 051	1 000	11 788	11 788	12 531	13 333	14 200
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		120 454	105 647	128 875	150 845	150 845	150 845	164 859	175 410	186 812
Energy sources		47 489	57 115	54 813	71 833	71 833	71 833	76 359	81 246	86 527
Water management		32 688	26 641	51 255	42 972	42 972	42 972	45 680	48 603	51 762
Waste water management		29 795	12 149	13 086	25 820	25 820	25 820	27 472	29 231	31 131
Waste management		10 481	9 742	9 722	10 219	10 219	10 219	15 348	16 330	17 392
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	262 820	293 106	311 165	386 761	342 430	342 430	364 003	387 299	412 474
Expenditure - Functional										
Governance and administration		141 972	106 864	136 428	85 819	86 823	86 823	93 023	97 433	103 742
Executive and council		23 921	26 973	21 037	22 894	22 894	22 894	24 466	24 489	26 056
Finance and administration		118 051	79 891	115 391	48 433	63 928	63 928	68 557	72 944	77 686
Internal audit		–	–	–	14 492	–	–	–	–	–
Community and public safety		27 311	11 594	21 544	42 769	13 519	13 519	15 935	16 955	18 057
Community and social services		11 522	6 293	10 162	6 031	6 031	6 031	5 467	5 817	6 195
Sport and recreation		–	–	7 305	5 067	5 067	5 067	5 418	5 765	6 139
Public safety		15 789	5 301	4 077	31 671	2 421	2 421	5 050	5 373	5 723
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		10 422	13 553	17 759	10 643	38 890	38 890	39 342	41 860	44 581
Planning and development		2 942	1 586	1 440	2 138	28 147	28 147	2 152	2 290	2 439
Road transport		7 481	11 967	16 318	8 506	10 743	10 743	37 190	39 570	42 142
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		160 773	121 771	101 723	167 892	167 892	167 892	178 172	189 575	201 897
Energy sources		69 749	52 750	55 710	87 909	87 909	87 909	93 278	99 248	105 699
Water management		64 305	37 493	25 214	44 682	44 682	44 682	46 566	49 546	52 767
Waste water management		16 823	12 521	10 390	13 440	13 440	13 440	14 286	15 201	16 189
Waste management		9 896	19 007	10 409	21 860	21 860	21 860	24 041	25 580	27 243
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	340 478	253 781	277 454	307 123	307 123	307 123	326 472	345 824	368 278
Surplus/(Deficit) for the year		(77 657)	39 324	33 711	79 637	35 307	35 307	37 531	41 476	44 196

20. DETAILED BUDGET PER MUNICIPAL VOTE

Detailed budget per municipal vote as per Table A3

MP304 Pixley Ka Seme (MP) - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - EXECUTIVE COUNCIL		81 610	91 200	96 180	96 524	96 524	96 524	102 605	109 172	116 268
Vote 2 - BUDGET & TREASURY		51 260	67 275	80 030	78 253	79 003	79 003	83 980	89 355	95 163
Vote 3 - CORPORATE SERVICES		10	1 821	7	16	16	16	17	18	19
Vote 4 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY & SOCIAL SERVICES		5 989	85	22	92	92	92	98	104	111
Vote 6 - PUBLIC SAFETY		7 021	39 401	356	10 788	10 788	10 788	11 468	12 202	12 995
Vote 7 - SPORTS & RECREATION		8	12	–	2 521	2 521	2 521	2 680	2 851	3 037
Vote 8 - TECHNICAL SERVICES		22 342	327	5 695	2 641	2 641	2 641	2 808	2 987	3 181
Vote 9 - WASTE MANAGEMENT		10 481	10 076	9 722	10 219	10 219	10 219	10 863	11 558	12 310
Vote 10 - WASTE WATER MANAGEMENT		11 515	12 729	13 086	25 820	25 820	25 820	27 447	29 203	31 101
Vote 11 - WATER		30 380	23 482	51 255	42 972	42 972	42 972	45 680	48 603	51 762
Vote 12 - ELECTRICITY		42 203	46 695	54 813	71 833	71 833	71 833	76 359	81 246	86 527
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**262 821**	**293 106**	**311 165**	**341 680**	**342 430**	**342 430**	**364 003**	**387 299**	**412 474**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - EXECUTIVE COUNCIL		23 891	21 315	21 037	22 894	23 016	23 016	24 466	24 489	26 056
Vote 2 - BUDGET & TREASURY		114 916	62 942	82 755	48 433	49 492	49 492	52 610	55 978	59 616
Vote 3 - CORPORATE SERVICES		16 976	14 653	32 637	14 492	15 001	15 001	15 946	16 967	18 070
Vote 4 - PLANNING AND DEVELOPMENT		1 407	1 541	1 440	2 138	2 025	2 025	2 152	2 290	2 439
Vote 5 - COMMUNITY & SOCIAL SERVICES		7 378	6 264	10 162	6 031	5 143	5 143	5 467	5 817	6 195
Vote 6 - PUBLIC SAFETY		9 211	8 833	10 121	13 163	13 383	13 383	14 226	15 136	16 120
Vote 7 - SPORTS & RECREATION		6 799	7 272	7 305	5 067	5 097	5 097	5 418	5 765	6 139
Vote 8 - TECHNICAL SERVICES		9 517	13 481	10 274	27 013	26 354	26 354	28 014	29 807	31 745
Vote 9 - WASTE MANAGEMENT		10 854	10 355	10 409	21 860	22 616	22 616	24 041	25 580	27 243
Vote 10 - WASTE WATER MANAGEMENT		21 171	12 591	10 390	13 440	13 440	13 440	14 286	15 201	16 189
Vote 11 - WATER		75 820	40 213	25 214	44 682	43 806	43 806	46 566	49 546	52 767
Vote 12 - ELECTRICITY		42 538	54 321	55 710	87 909	87 750	87 750	93 278	99 248	105 699
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**340 478**	**253 781**	**277 454**	**307 123**	**307 123**	**307 123**	**326 472**	**345 824**	**368 278**
Surplus/(Deficit) for the year	2	**(77 657)**	**39 324**	**33 711**	**34 557**	**35 307**	**35 307**	**37 531**	**41 476**	**44 196**

21. MUNICIPAL MANAGER'S QUALITY CERTFICATE

I, **P Thwala** Municipal Manager (Acting) of **Dr Pixley Ka Isaka Seme Municipality**, hereby certify that the annual budget and supporting documentation of the 2018/19 Operating and Capital Budget have been prepared in accordance with the Municipal Finance Management Act, 56 of 2003, and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name : Mr Phakamile Thwala

Acting Municipal Manager of : DR PIXLEY KA ISAKA SEME MUNICIPALITY

Signature : ……

Date : ……

ANNEXURE C 1 – TARIFFS OF CHARGES

ANNEXURE C 2 – EMPLOYEE RELATED COSTS